## Message Text

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INFO OCT-01 ISO-00 SS-15 SP-02 INR-10 L-03 H-01 PM-05 PA-01 EB-08 /060 W

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R 101939Z JUN 78 FM AMEMBASSY PANAMA TO SECSTATE WASHDC 7902

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E.O. 11652: N/A

TAGS: PGOV, EWWT, PORG, PN

SUBJECT: PANAMANIAN GOVERNMENT PLANNING FOR TREATY

**IMPLEMENTATION** 

REF: PANAMA 03365

BEGIN SUMMARY: THOUGH WE EXPECT NO FORMAL LEGISLATION BEFORE NOVEMBER, PANAMA'S IMPLEMENTATION MACHINERY IS SLOWLY TAKING SHAPE. A CENTRAL "PANAMA CANAL AUTHORITY" WILL PROBABLY BE HEADED BY A PROMINENT GOVERNMENT LEADER; ITS BOARD IS ALSO EXPECTED TO BE INFLUENTIAL. IF IT HAS AS STRONG A LEADERSHIP AS WE EXPECT, THIS AUTHORITY WILL BE CRUCIAL IN THE ESTABLISHMENT AND CARRYING OUT OF CANAL POLICY. MEANWHILE, CONSULTATION AND JOINT PLANNING BETWEEN PANAMA AND THE U.S. IS GOING SLOWLY. END SUMMARY.

1. LITTLE BY LITTLE, THE PANAMANIAN GOVERNMENT'S THINKING ABOUT TREATY IMPLEMENTATION ORGANIZATION IS MATURING. THOUGH THE LAW OR LAWS ESTABLISHING THE MACHINERY ARE NOT LIKELY TO BE PROMULGATED BEFORE NOVEMBER, THE MACHINERY ITSELF IS BEING CONSTRUCTED AND IS BEGINNING TO FUNCTION.

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2. AT THE CENTER OF PANAMANIAN IMPLEMENTATION MACHINERY WILL BE THE "PANAMA CANAL AUTHORITY." THIS NEW AGENCY'S FUNCTIONS ARE SPELLED OUT IN "NATIONAL DEVELOPMENT AND RECUPERATION OF THE PANAMA CANAL ZONE", WHICH WAS PUBLISHED IN JUNE BY THE MINISTRY OF PLANNING AND ECONOMIC POLICY. (COPIES OF THE 168-PAGE DOCUMENT

HAVE BEEN FORWARDED TO ARA/PAN. PANCANAL IS TRANSLATING IT, AND WE WILL FORWARD THE TRANSLATION AS SOON AS WE HAVE A COPY, PROBABLY WITHIN A FEW DAYS.)

3. THE AUTHORITY WILL HAVE BROAD RESPONSIBILITIES. IT WILL TAKE OVER CANAL ADMINISTRATION IN THE YEAR 2000. IN THE MEANTIME IT WILL:

A. GIVE THE PANAMANIAN GOVERNMENT ADVICE, TECHNICAL ASSISTANCE AND ADMINISTRATIVE SUPPORT NECESSARY FOR SETTING POLICY AND REGULATIONS;

- B. SERVE AS CHANNEL OF COMMUNICATIONS WITH THE U.S. GOVERNMENT AND ITS AGENCIES:
- C. BE THE CUSTODIAN OF OR ADMINISTER ACTIVITIES,
  TERRITORIES AND INSTALLATIONS WHICH REVERT TO PANAMA
  IN THE ZONE, AS WELL AS IN THE CANAL BASIN OUTSIDE
  THE ZONE, AS PROVIDED BY LAW;
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- D. PROMOTE, ADMINISTER OR PARTICIPATE IN PUBLIC-SERVICE AND ECONOMIC ACTIVITIES, IN ACCORDANCE WITH GOP DECISIONS:
- E. PROMOTE THE RATIONAL DEVELOPMENT OF THE ZONE LIMITED OFFICIAL USE

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AND BASIN;

- F. PROVIDE FOR THE PROTECTION OF FLORA, FAUNA AND ENVIRONMENT IN THE ZONE AND THE BASIN, IN ORDER TO ASSURE THE DEVELOPMENT OF EDUCATIONAL, RECREATIONAL, TOURIST AND SCIENTIFIC ACTIVITIES;
- G. GRANT LICENSES FOR THE USE OF LANDS, WATERS, INSTALLATIONS, ETC.;
- H. ADVISE AND ASSIST THE DEPUTY ADMINISTRATOR OF THE CANAL COMMISSION:
- I. TRANSMIT POLICY AND RECOMMENDATIONS TO THE PANAMANIAN MEMBERS OF THE COMMISSION'S BOARD OF DIRECTORS;
- J. ESTABLISH, IN ACCORDANCE WITH THE GOP'S POLICIES, THE POSITIONS TO BE TAKEN BY PANAMANIAN REPRESENTATIVES ON THE VARIOUS BODIES ESTABLISHED UNDER THE TREATIES.
- 4. WE BELIEVE THE AUTHORITY WILL BE HEADED BY A

PERSON OF ESTABLISHED REPUTATION. AMONG THOSE WHO HAVE BEEN CREDIBILY MENTIONED BY INSIDERS ARE PRESIDENT LAKAS, PLANNING MINISTER BARLETTA, IHRE DIRECTOR EDWIN FABREGA, AMBASSADOR GABRIEL LEWIS AND CERRO COLORADO CORP. PRESIDENT RODRIGO "RORY" GONZALEZ. THE PLANNING NOW IS TO GIVE THE AUTHORITY A BOARD OF EIGHT TO TEN MEMBERS -- ALL OR MOST OF WHOM WOULD HAVE AN ESTABLISHED REPUTATION FOR POLITICAL INFLUENCE OR TECHNICAL CAPACITY. AMONG THE NAMES MENTIONED ARE VICE PRESIDENT GONZALEZ, BARLETTA, LEWIS,

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INFO OCT-01 ISO-00 SS-15 SP-02 INR-10 L-03 H-01 PM-05 PA-01 EB-08 /060 W

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ROBERTY HEURTEMATTE, PORT DIRECTOR ARNOLDO CANO, LEGISLATIVE COMMISSIONER BALBINO MORENO AND RORY GONZALEZ.

- 5. THE AUTHORITY WOULD ALSO HAVE A SECRETARIAT OF PERHAPS HALF A DOZEN OFFICIALS. AT ITS CORE WOULD BE AUGUSTO ZAMBRANO, FLAVIO VELASQUEZ AND OMAR JAEN--ALL MEMBERS OF THE INFORMAL U.S.-PANAMANIAN WORKING GROUP. THE AUTHORITY WOULD ALSO HAVE A NUMBER OF SPECIALIZED OFFICES, THOUGH THE PLANNING NOW IS TO DRAW HEAVILY ON EXISTING GOVERNMENT AGENCIES FOR TECHNICAL EXPERTISE.
- 6. UNDER THE AUTHORITY THERE WOULD BE EIGHT WORKING GROUPS OR COMMITTEES. THEY WOULD BE COMPOSED OF TECHNICAL EXPERTS IN THE FIELDS CONCERNED, PLUS A MEMBER OF THE SECRETARIAT IN MOST CASES. AS NOW PLANNED THERE WOULD BE EIGHT OF THESE WORKING GROUPS: 1) ADMINISTRATION OF LANDS AND WATERS (SURVEYING, LICENSES, PUBLIC BUILDINGS); 2) ADMINISTRATION OF ENTERPRISES

(PORTS, HOUSING, CANAL ADMINISTRATION, ETC.); 3)
PUBLIC SERVICES; 4) LABOR AFFAIRS; 5) DEFENSE AND
SECURITY (JOINT DEFENSE, MILITARY COORDINATION,
POLICE); 6) BASIN AND ENVIRONMENT (INCLUDING NATIONAL
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PARKS); 7) ORGANIZATION (STATE ENTERPRISES, CANAL AUTHORITY); AND 8) PLANS AND DEVELOPMENT (INCLUDING SEA-LEVEL CANAL).

- 7. EACH OF THESE GROUPS WOULD HAVE BETWEEN TWO AND FIFTEEN SUB-COMMITTEES, WHOSE MEMBERS WOULD BE WORKING DIRECTLY WITH U.S. COUNTERPARTS IN THE APPROPRIATE FORUMS. IT IS NOT YET CLEAR, HOWEVER, EXACTLY HOW THIS INTERNAL GOP ORGANIZATION WILL FIT INTO THE COMMITTEE STRUCTURE PREVIOUSLY AGREED TO WITH PANCANAL.
- 8. EACH OF THE ROUGHLY FORTY SUB-COMMITTEES WOULD HAVE AN ADVISORY BOARD (PRIMARILY NON-GOVERNMENTAL) OF ABOUT TEN PERSONS. AT A PUBLIC MEETING JULY 6 THE GOVERNMENT MET WITH THE REPRESENTATIVES OF 49 RELIGIOUS, CIVIC, LABOR, PROFESSIONAL BUSINESS AND OTHER GROUPS AND ASKED THEM TO SUGGEST NAMES OF INDIVIDUALS WHO COULD SERVE ON THESE ADVISORY BOARDS. THE GOVERNMENT HOPES, THROUGH THESE BOARDS TO OBTAIN THE PUBLIC'S VIEWS ON POLICY QUESTIONS AND AT THE SAME TIME TO MARSHAL PUBLIC SUPPORT BEHIND ITS IMPLEMENTATION EFFORTS.
- 9. COMMENT: DESPITE--PROBABLY PARTLY BECAUSE OF-THESE PLANNING EFFORTS BY PANAMA, BILATERAL IMPLEMENTATION
  CONSULTATION AND PLANNING IS MOVING VERY SLOWLY SO
  FAR. THE INFORMAL WORKING GROUP MEETINGS, WHICH WERE
  ALMOST WEEKLY UNTIL JUST BEFORE PRESIDENT CARTER'S VISIT,
  HAVE NOT BEEN HELD RECENTLY, AT PANAMA'S REQUEST.
  EVEN THE MEETINGS WHICH HAVE TAKEN PLACE HAVE, FOR
  THE MOST PART, BEEN RATHER PRO FORMA PRESENTATIONS
  OF BASIC INFORMATION ABOUT PANCANAL OPERATIONS.
  NOW THAT THE GOP FEELS SOMEWHAT BETTER ORGANIZED
  INTERNALLY, WE EXPECT THAT MORE SERIUOS DISCUSSIONS
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-- PRIMARILY IN SMALL, RELATIVELY TECHNICAL GROUPS -- WILL BEGIN IN EARNEST. ON THE OTHER HAND, WE ARE IN A PRE-ELECTORAL PERIOD; AND THAT COULD CONTINUE TO SLOW DOWN IMPLEMENTATION PLANNING AND CONSULTATION.

10. NOTE. THIS MESSAGE IS MARKED STADIS TO OBVIATE COORDINATING ON THE ISTHMUS. WE HAVE NO OBJECTION TO ANY USE OF IT IN DEALINGS WITH OTHER AGENCIES. MOORE

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